

# ***Headquarters U.S. Air Force***

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*Integrity - Service - Excellence*

## **FY03 Air Force Budget**



***1 February, 2002***

***Major General Stephen Lorenz***

***Air Force Director of Budget***

***U.S. AIR FORCE***

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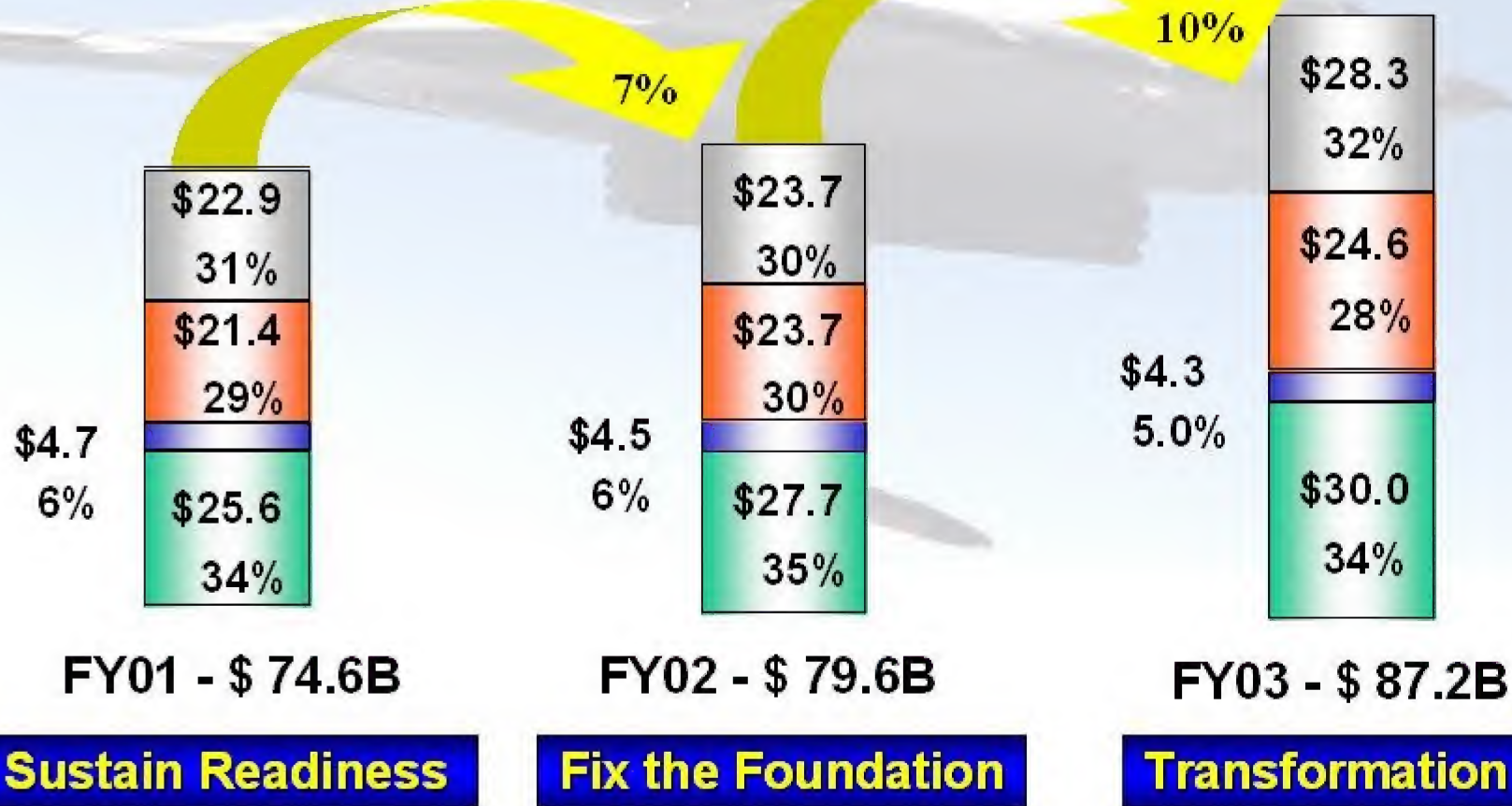
# ***Overview***

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- **Our Theme: Accelerating Transformation**
  - **War on Terrorism**
  - **The Air Force Budget**
    - **People**
    - **Operations / Readiness**
    - **Physical Plant**
    - **Modernization / Transformation**
  - **Summary**
-



# Accelerating Transformation FY01 - FY03 Comparison



■ People   ■ Physical Plant   ■ Ops & Readiness   ■ Mod/Transformation

\*Then Year Dollars

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% Net Change





# ***Then, September 11th . . .***



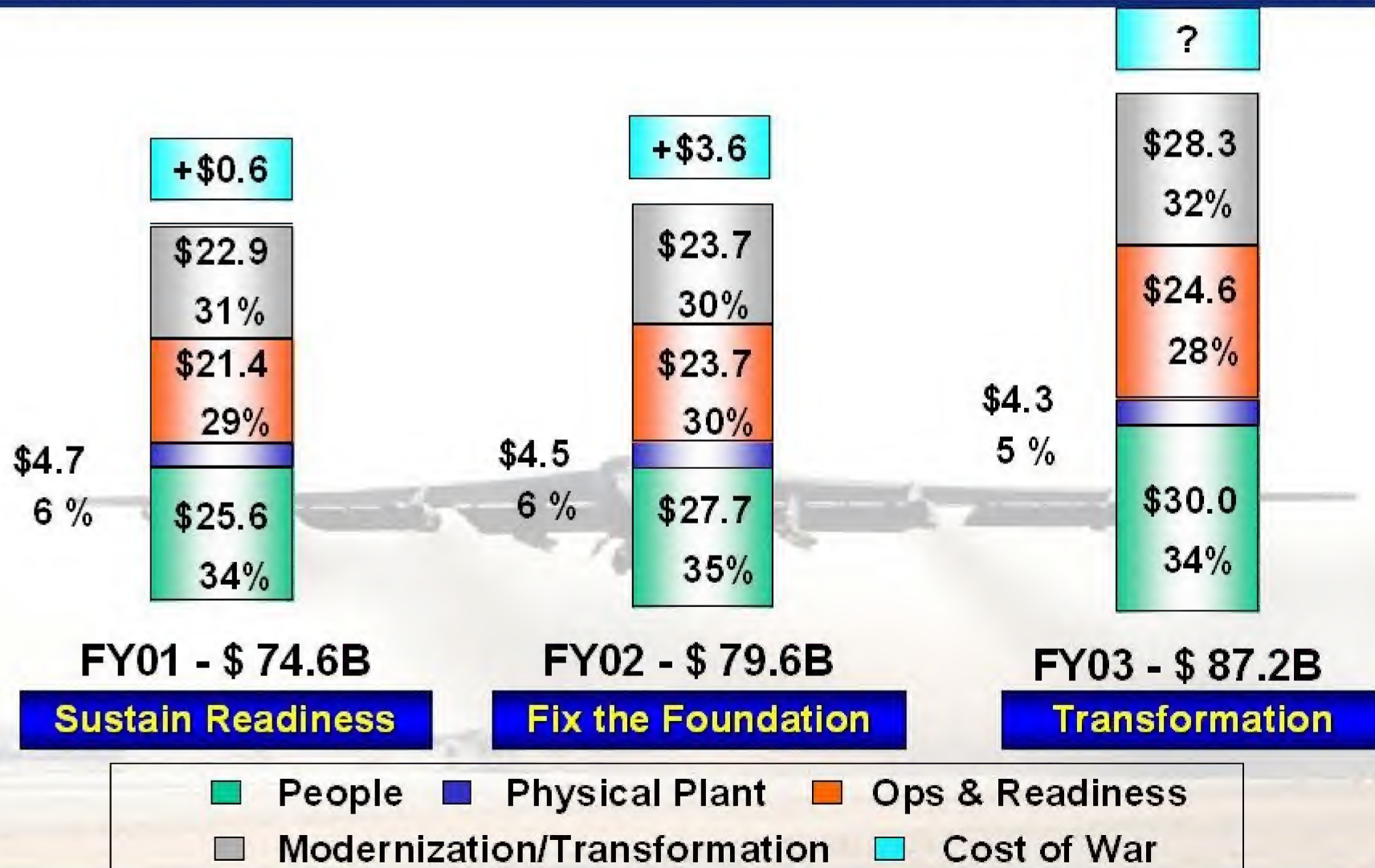
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# Accelerating Transformation

## Cost of War





# ***FY03 Air Force Budget***

**People \$30B  
+ \$2.3B**



**Readiness \$24.6B  
+ \$0.9B**



**Physical Plant \$4.3B  
- \$0.2B**



**Modernization \$28.3B  
+ \$4.5B**

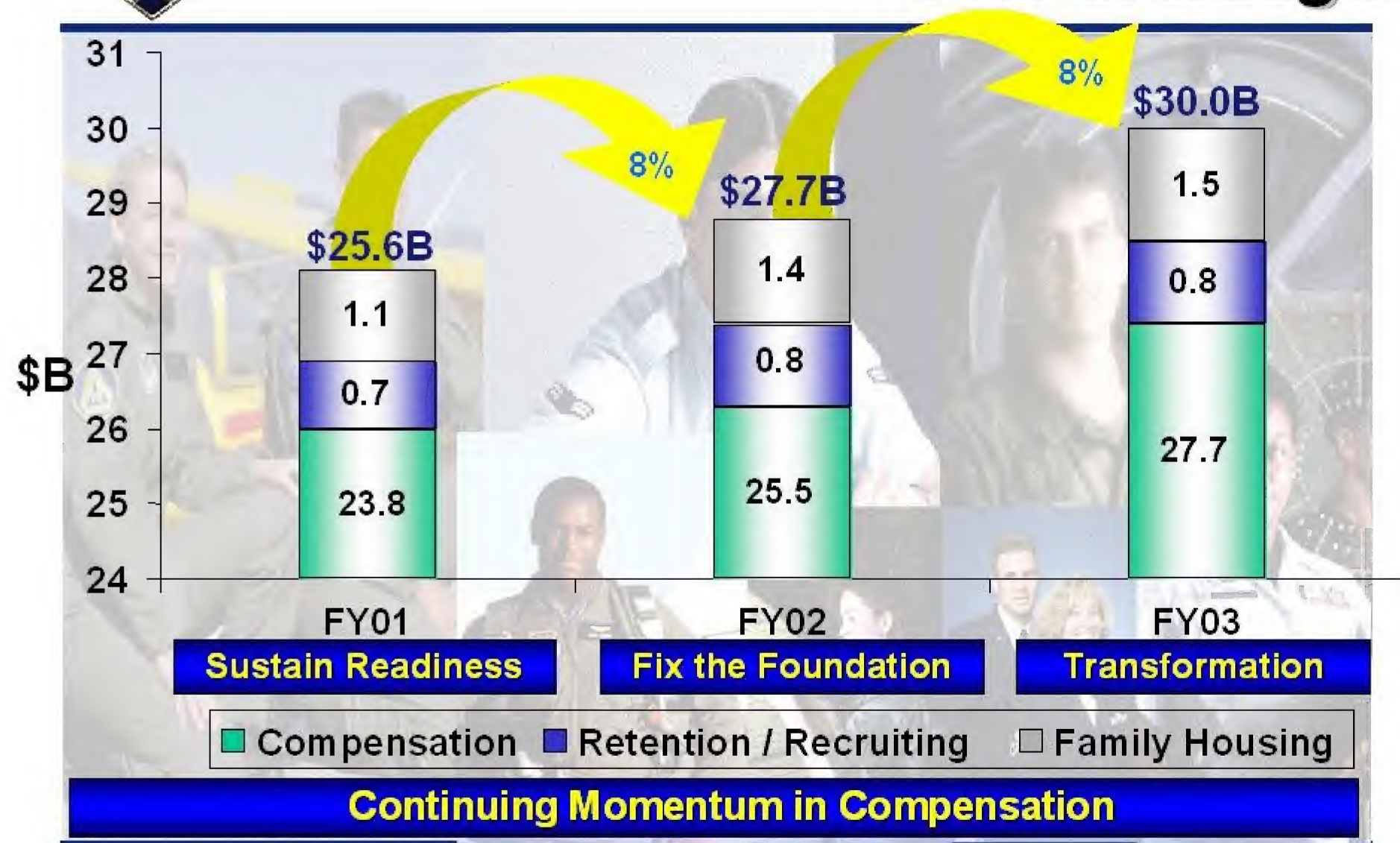






# PEOPLE

## 34% of Budget





# ***Military Compensation Retention Based Strategy***

- **Pay Raise: + 4.1%**
  - **Increase Standard of Living**
  - **Improve Quality of Life**
  - **SSgt (+ \$941/yr) -- Captain (+ \$1,980/yr)**
  
- **Housing Allowance**
  - **“Out-of-pocket” Expenses  
Reduced 11.3% to 7.5%**
    - **On Path to Zero by FY05**
  - **Relieves Financial Burden  
For Our Military Families**
  - **Allows Suitable Community Housing**







# ***Military Compensation Retention Based Strategy***

- **Thrift Savings Plan**
  - **Increases Allowed Contribution Amount From 7% to 8%**
  - **Provide Savings Opportunity For Future Retirement**
- **Tricare For Life**
  - **Most Sweeping Improvement In 30 Years**
  - **Permanent Healthcare Benefit After Retirement**

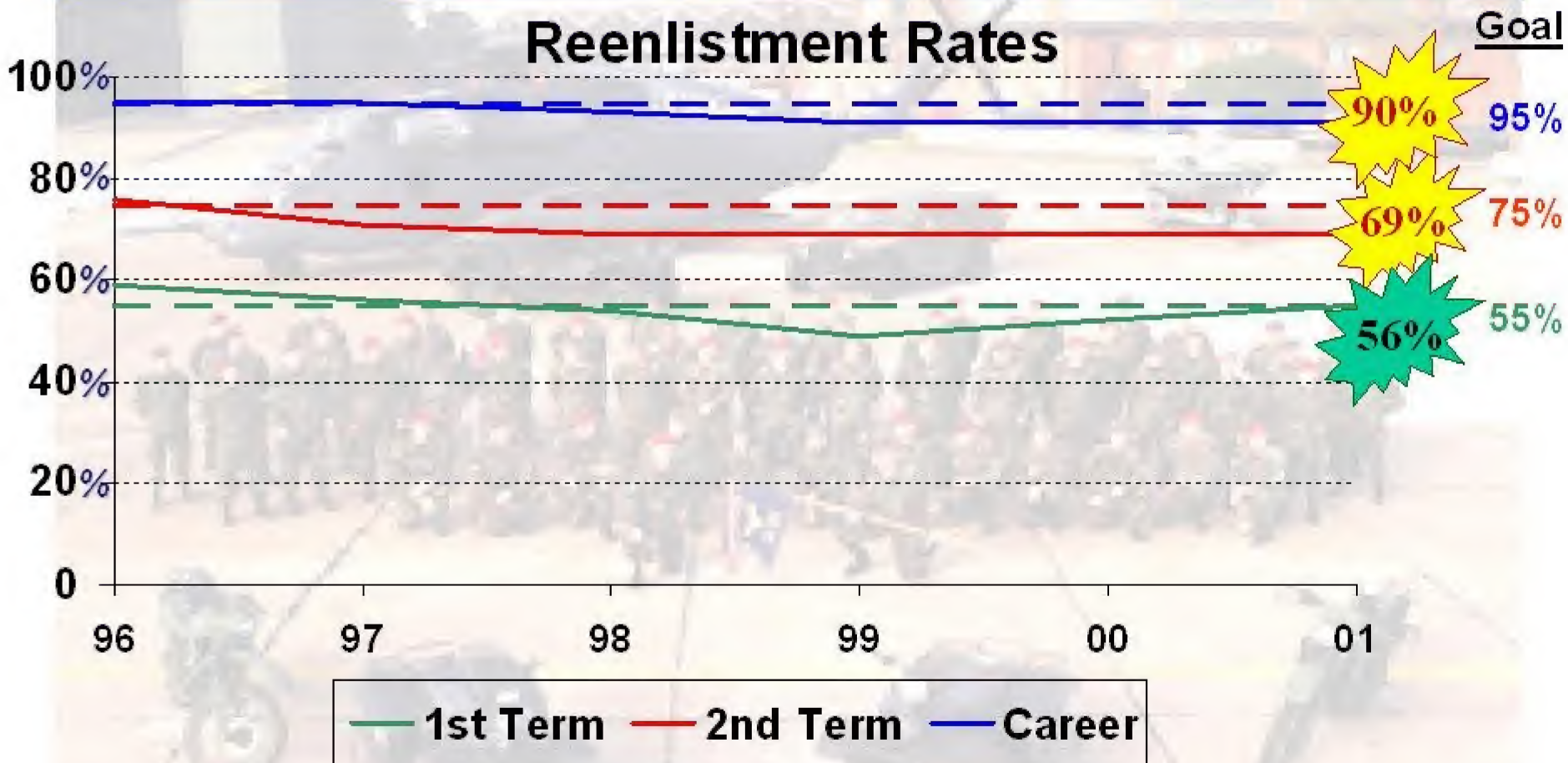
**Recruiting Airmen  
Retaining Families**





# Air Force Enlisted Retention Trend

## Reenlistment Rates



**Air Force -- A Retention-Based Force**

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# Recruiting and Retention Focused Investment Strategy



**Meeting Recruiting Goals & Achieving Retention Success**



# ***Civilian Compensation Shaping the Future Force***

- **Pay Raise: 2.6%**
  - **Commensurate With Federal Raises**
- **Continues Special Salaries Targeting Critical Skills**
  - **Information Technology -- + \$5,600/yr**
  - **Air Traffic Controllers – + \$2,800/yr**
- **Must Recruit and Retain a Quality Workforce**
  - **Workforce Shaping Initiatives:**
    - **Increased Internships (\$52.1M) / Co-op Students (\$1.8M)**
    - **Recruiting and Relocation Bonuses (\$1.2M)**
    - **Student Loan Repayment (\$3.0M)**

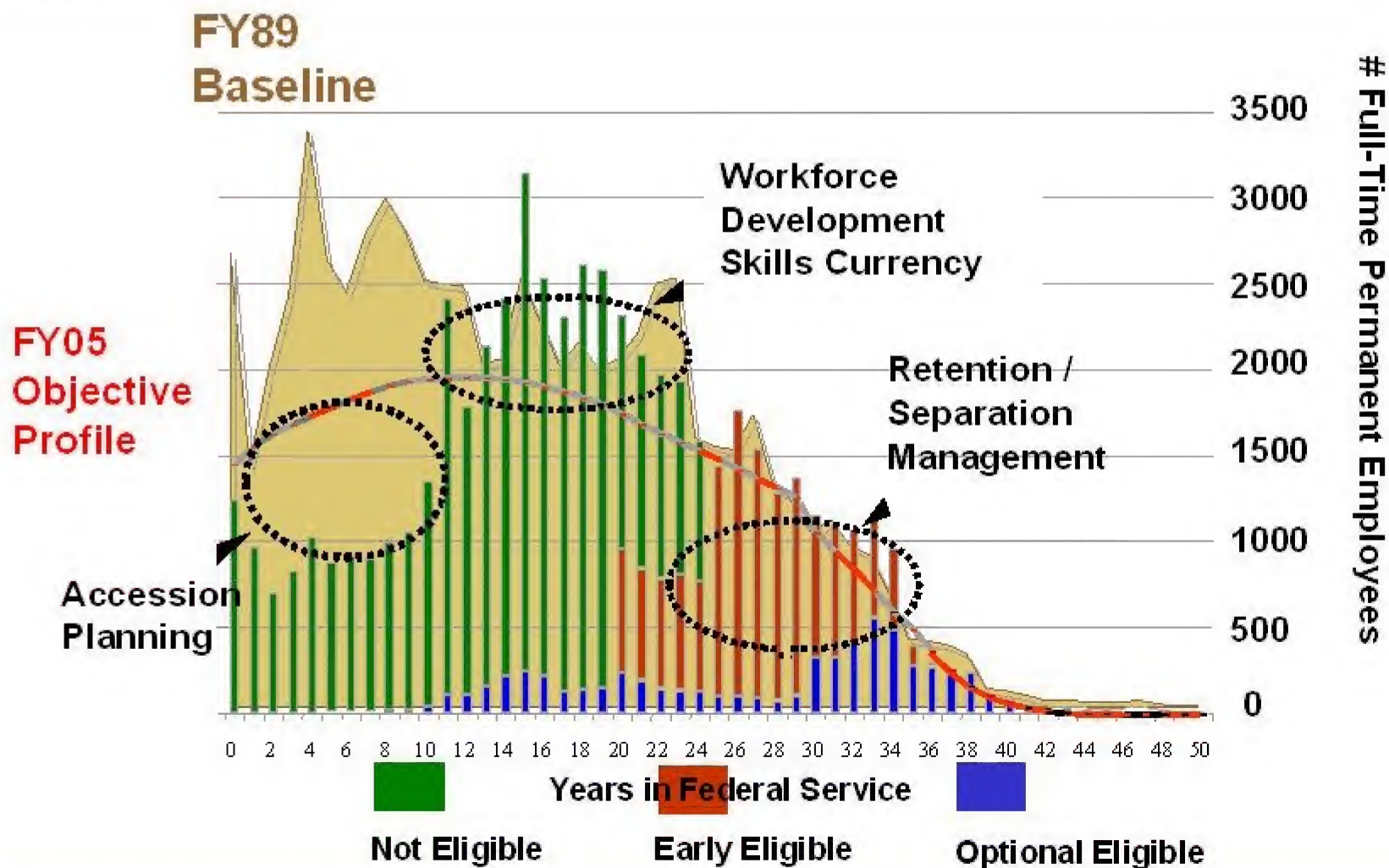


**40% Eligible for Retirement in Next 5 Years**





# Civilian Career Force Objective Profile





# Family Housing

- Operates & Maintains Current Housing Inventory of 103K Units

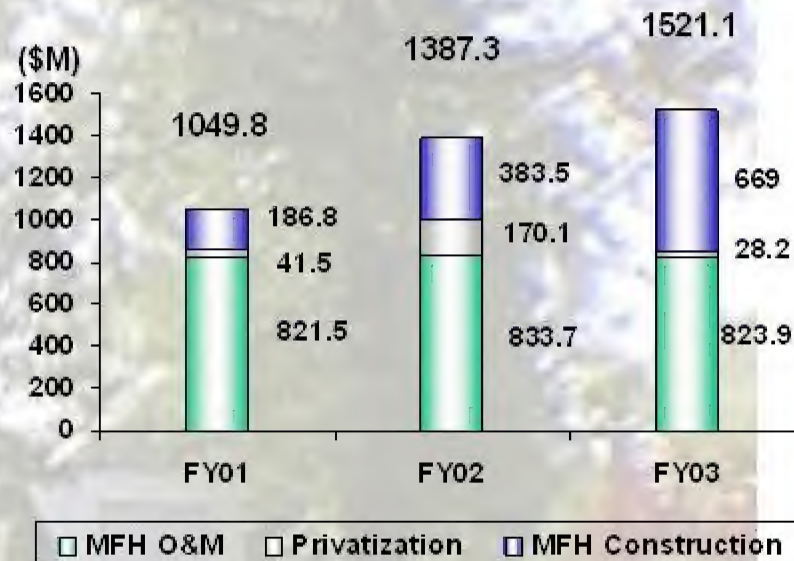
- Modernizes 8,400 Units In FY03

- Replaces & Revitalizes 3,800 Units  
(Up From 3,200 In FY02 1,760 In FY01)

- Continues Privatization Program

- Total Program -- 27,000 Units
- 25 On-going Projects -- 22,400 Units
- 5 New FY03 Candidates -- 4,600 Units

- 45% Increase in Family Housing Budget from FY01 to FY03



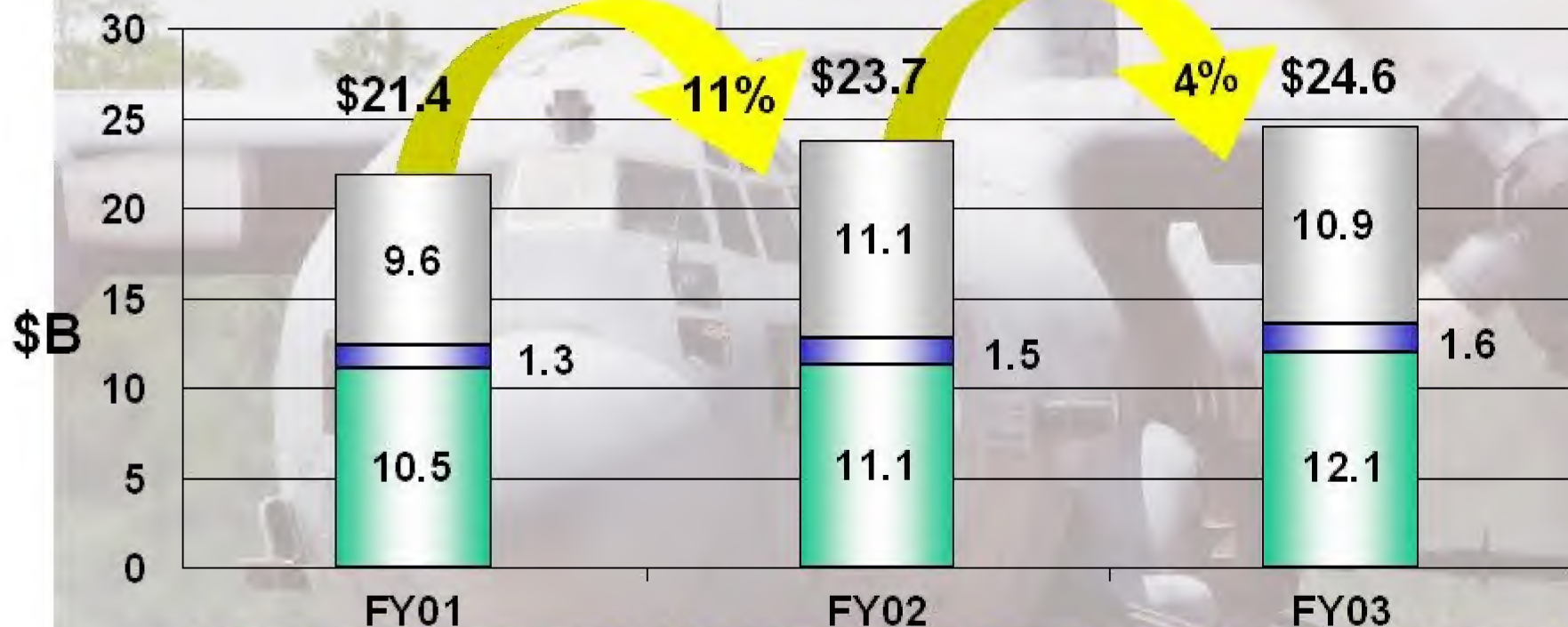
**Accelerates Housing Modernization**





# Operations / Readiness

## 28% of Budget



**Sustain Readiness**

**Fix the Foundation**

**Transformation**

■ Mission Support ■ Space Ops ■ Flying Ops

**Sustains FY02 Gains -- Allows Transformation**



# Aircraft Mission Capable Rates vs Total Investment



## Total Investment

Depot Repaired Spares  
Aircraft Modifications  
Depot Maintenance

## Mission Capable Rate

Percentage of all aircraft  
capable of fulfilling  
assigned mission

**Our Investment Is Paying Off**





# ***Air & Space Operations***

## ■ **\$10.9B Flying Operations**

- **\$6.1B - Funds Spares, Supplies, & Fuel**
- **\$2.1B - For Contractor Logistics Support**
- **\$2.7B - For Depot Maintenance**
  - **Funds 369 Airframes & 833 Engine Overhauls**
- **2.1M Flying Hours**

## ■ **\$487M Combat Training**

- **Sustains 26 Ranges & 170+ Exercises**

## ■ **\$1.6B Space Operations**

- **50 Launches (33 DoD, 4 Commercial, & 13 Civil)**
- **Sustains 2 Ranges & 45 Facilities**



**Funds the Heartbeat of the Air Force**



# ***Mission Support***

## ■ **\$6.1B Overall Base Support:**

- Base Communication
- Base Operating Support
- Child Development & Family Support
- Real Property Services (Utilities)
- Environmental

## ■ **\$905M Training & Education**

- Professional Military Education
- Accessions
- Technical Training



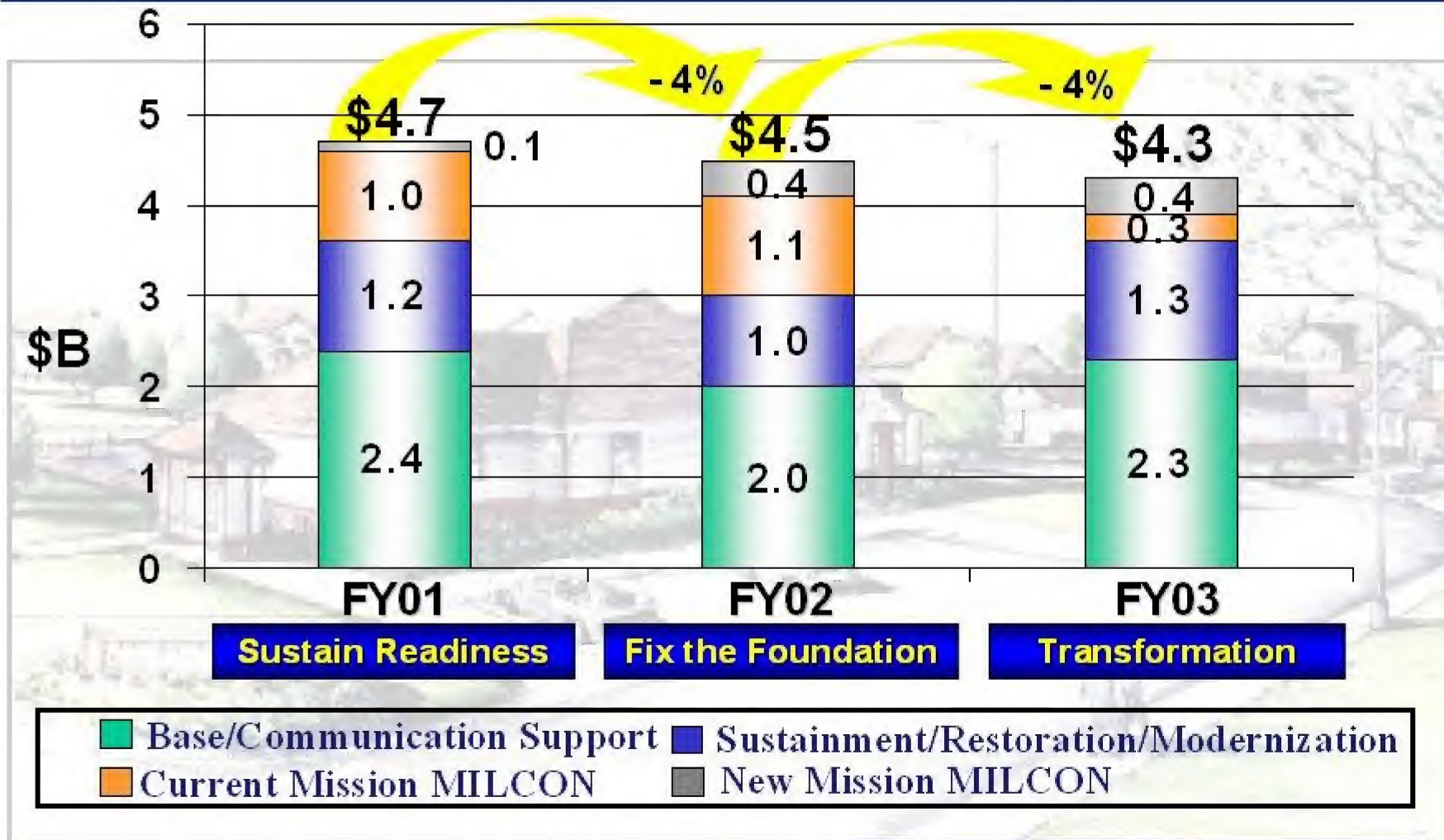
**Critical Enablers for Warfighters**

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# Physical Plant 6% of Budget



**Sustain Facilities & Improve Communications Backbone**



**U.S. AIR FORCE**

# ***Physical Plant Investment Strategy***

- Accommodate New Missions
- Invest in Quality of Life Improvements
- Continue to Lead in Environmental Stewardship
- Sustain, Restore, and Modernize Our Physical Plant
- Optimize Use of Public and Private Resources
- Continue Our Demolition Program





**DETECT**

INFORM

## PROJECT

## LEVERAGE

**DENY**

### Detection Satellite (DETECT)

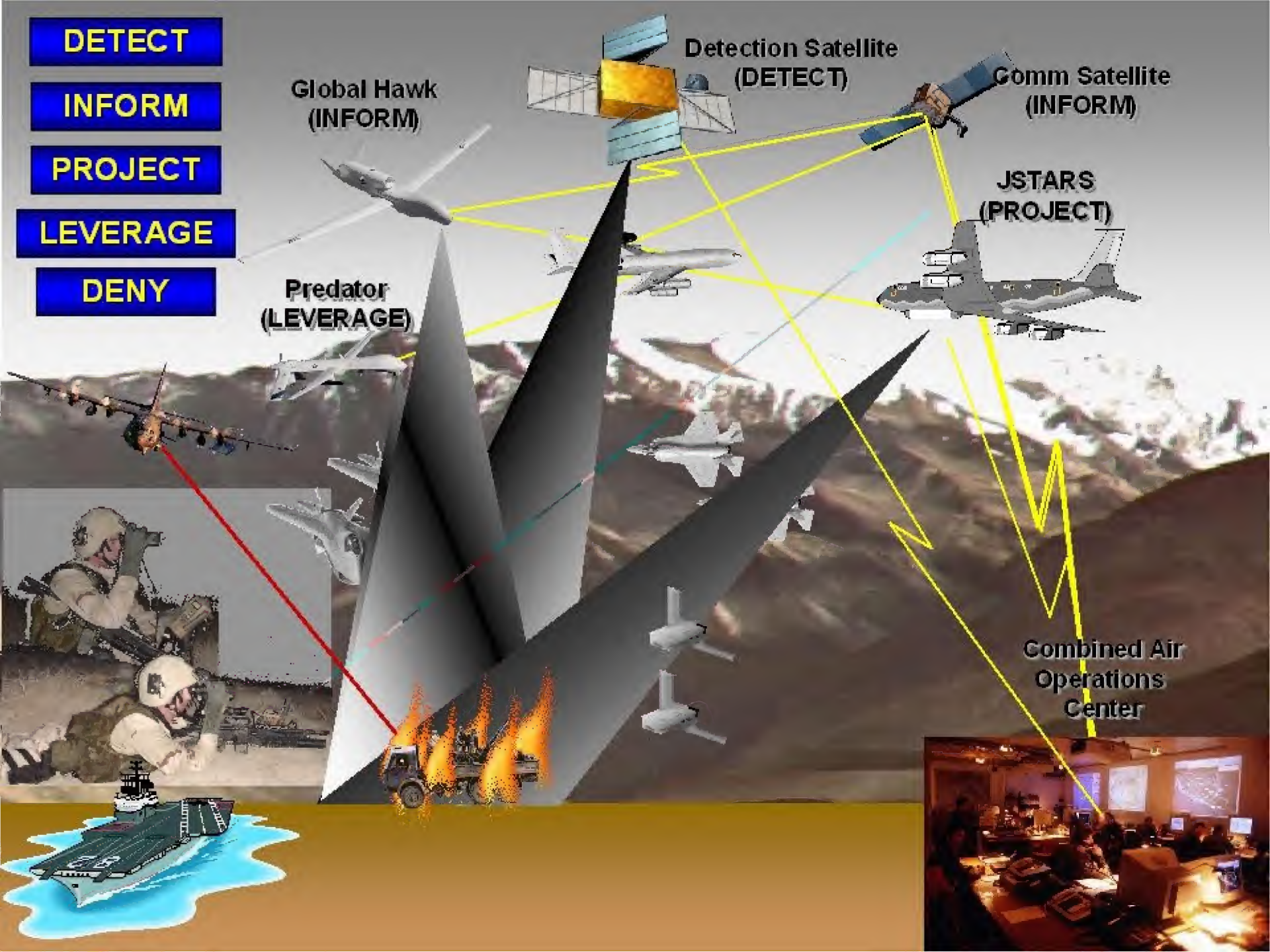
## Comm Satellite (INFORM)

**JSTARS  
(PROJECT)**

## Global Hawk (INFORM)

## Predator (LEVERAGE)

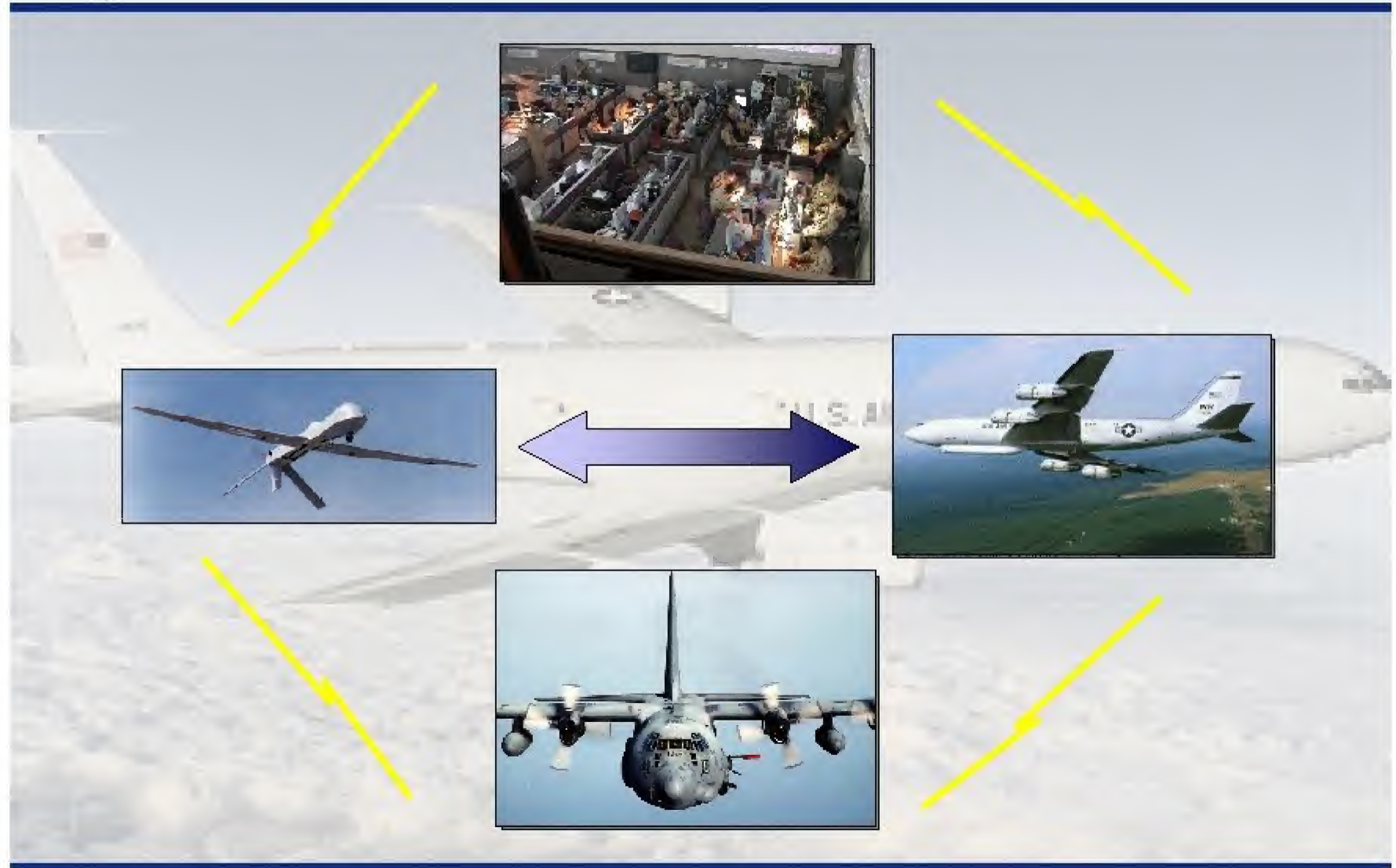
**Combined Air  
Operations  
Center**







# ***Horizontal Integration.....***



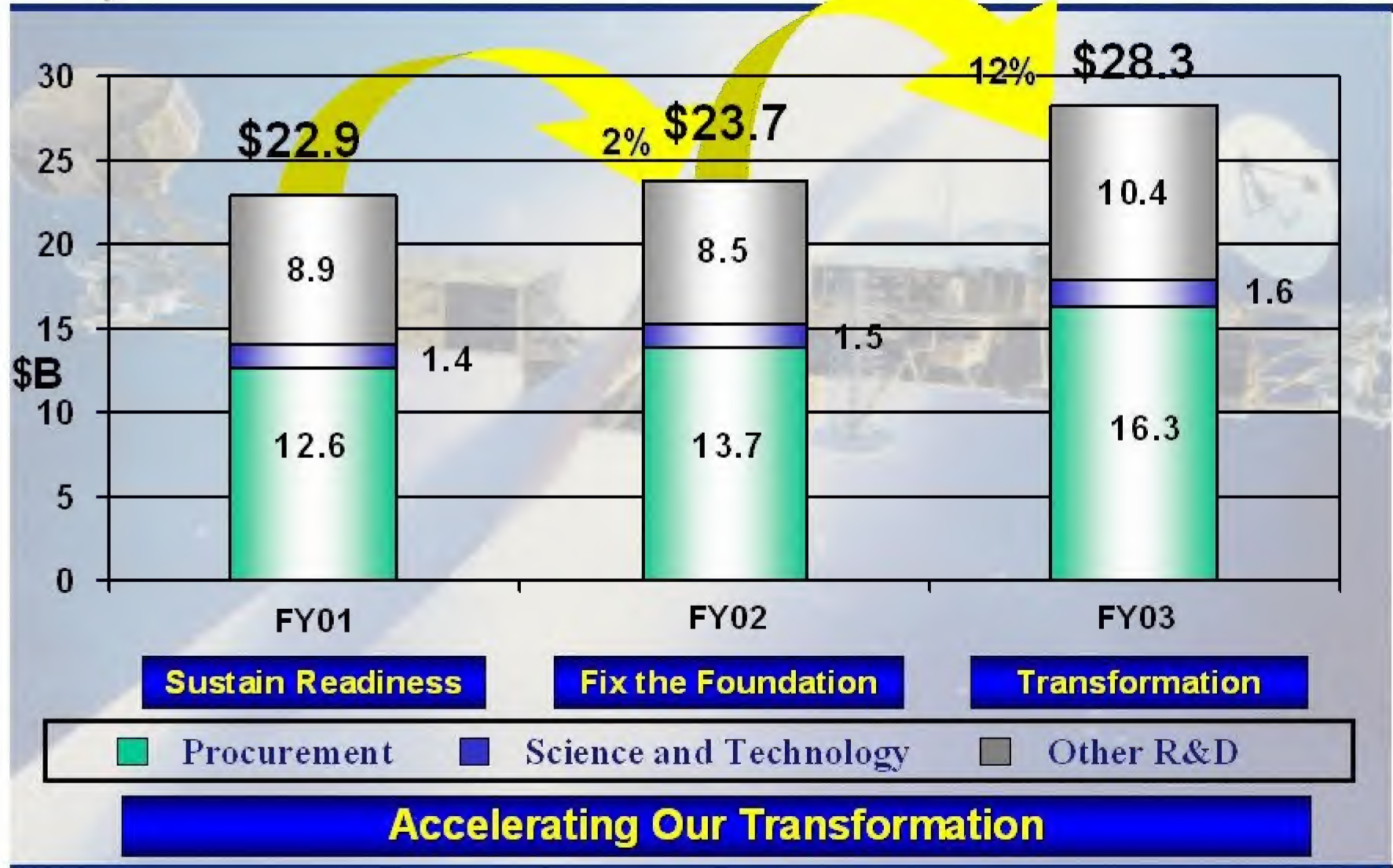
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# Modernization/Transformation

## 32% of Budget



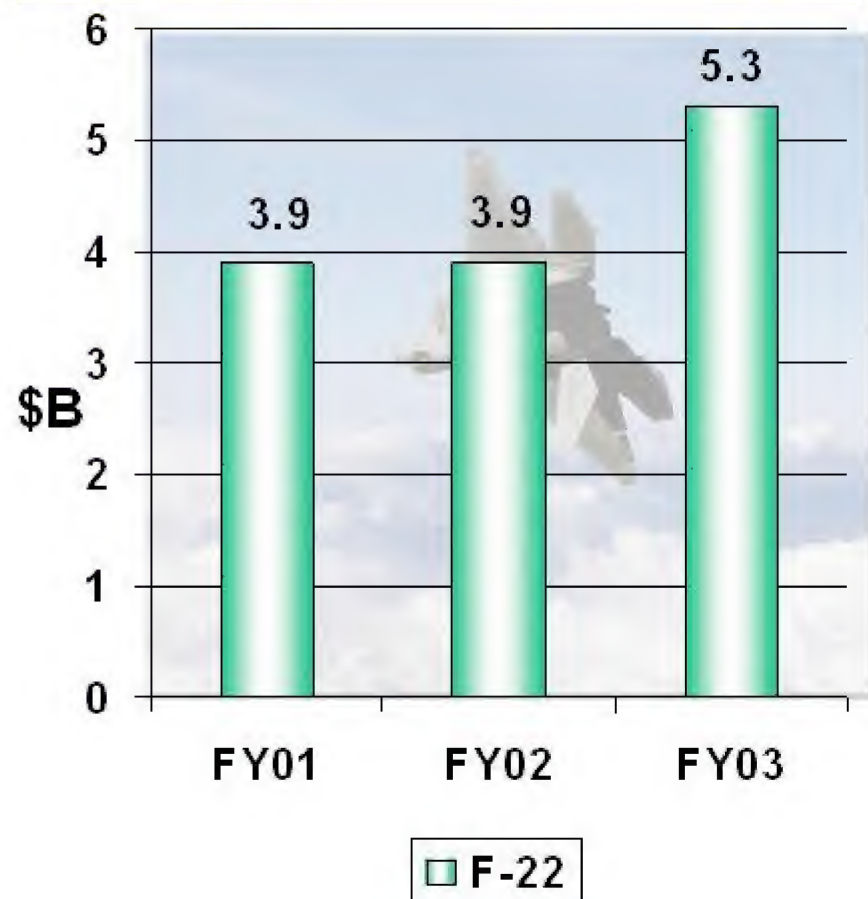


# Transformation -- F-22

**Quantity 10**

**13**

**23**



## Capabilities/Effects

- **24 Hour Stealth Capability**
- **The 21st Century Kick-Down-the-Door Fighter That Replaces Aging F-15s**
- **Revolutionary Blend of Advanced Stealth, Integrated Avionics, Maneuverability, & Supercruise**



*IOC: Initial Operating Capability*

*FOC: Full Operating Capability*



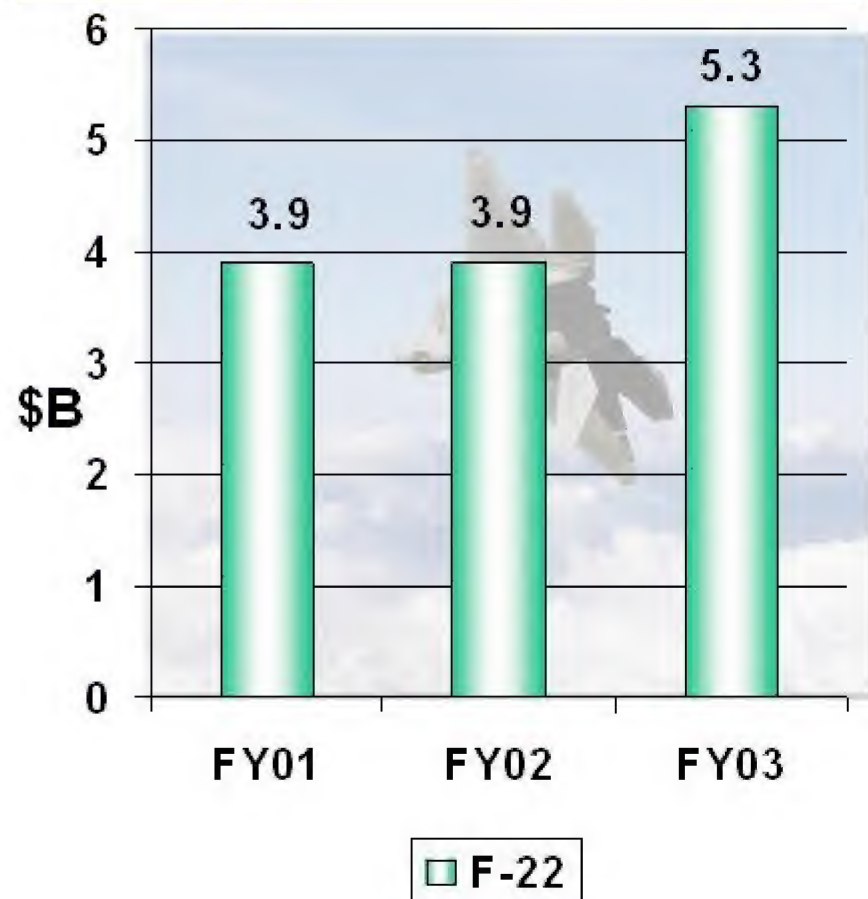


# Transformation -- F-22

**Quantity 10**

**13**

**23**



## Capabilities/Effects

### FY03 and Beyond

- **Next Generation Air Superiority Fighter**
- **Defeat Enemy Anti-access Ability**
- **24/7 Battlefield Dominance**
- **Freedom of Movement for Follow-On Joint Forces**

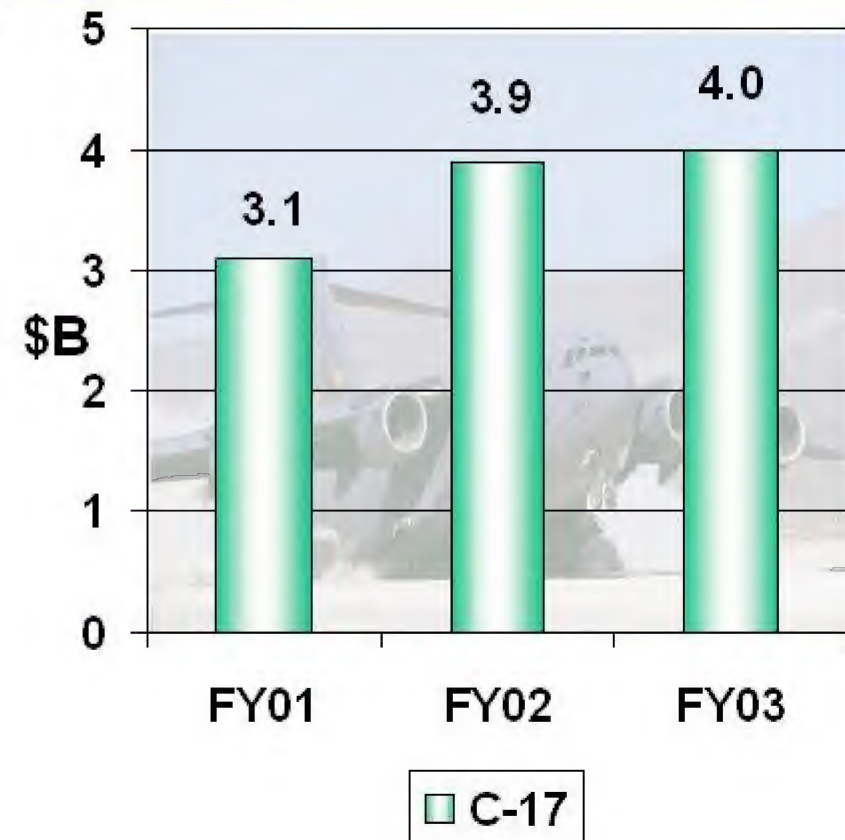
### **Program Status:**

- **IOC: Dec 05**



# Transformation -- C-17

**Quantity 12      15      12**



## Capabilities/Effects

- **Rapid Strategic Delivery of Troops and All Types of Cargo**
- **Tactical Airlift and Airdrop Missions When and Where Required**

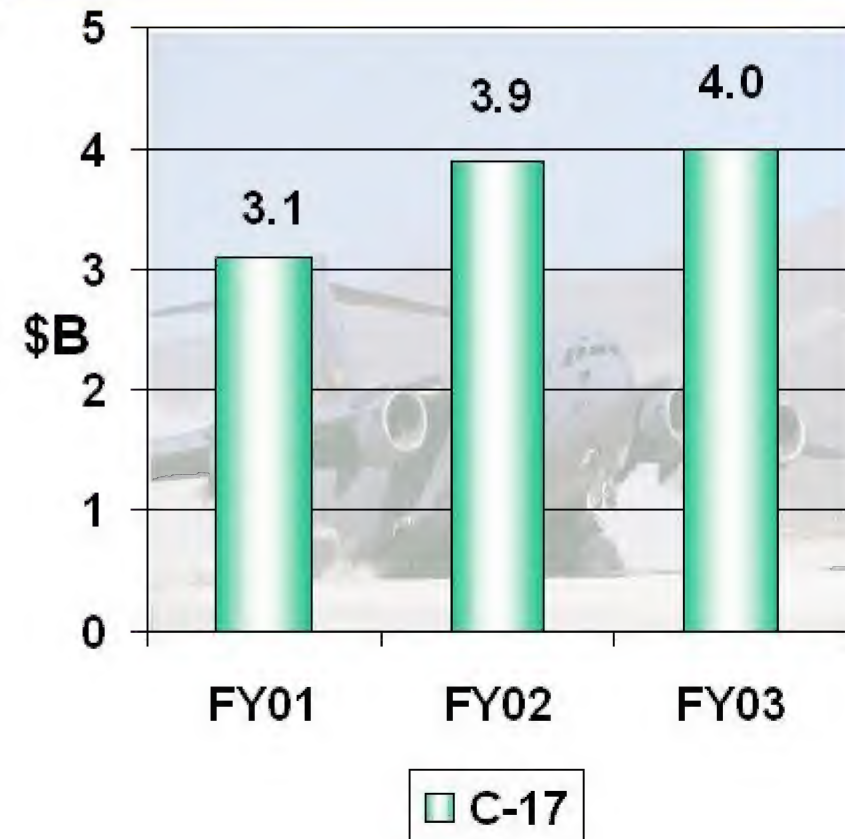






# Transformation -- C-17

**Quantity 12                      15                      12**



## Capabilities/Effects Rapid Strategic FY03 and Beyond

- Only Aircraft Capable of Entire Spectrum of Airlift Missions
- Proves Itself Every Day Around the World and in Afghanistan
- Uses Half the Runway Required for a C-141

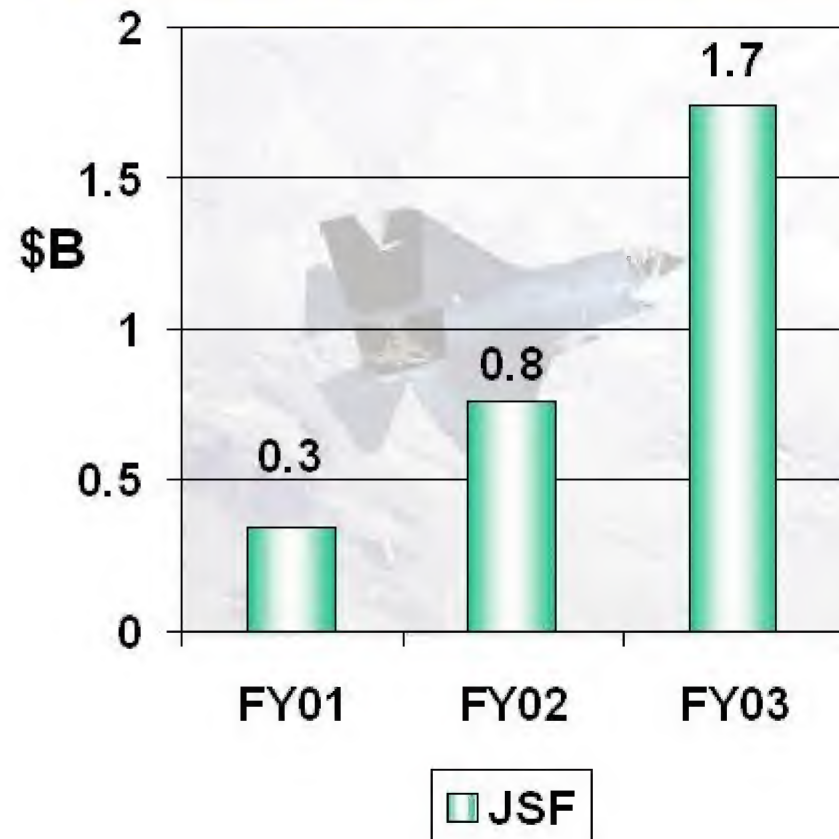
### Program Status:

- New Multi-year Procurement for Additional 60 Aircraft



# Transformation -- JSF

## Development Stage



## Capabilities/Effects

- **Persistent Battlefield Dominance to Attack Heavily Defended Mobile and Fixed Targets**
- **Affordable, Survivable, Lethal, All-weather, Precision, Air to Ground Next Generation Fighter**
- **New Fighter for Navy, Marine Corp, Air Force, and Our Allies**

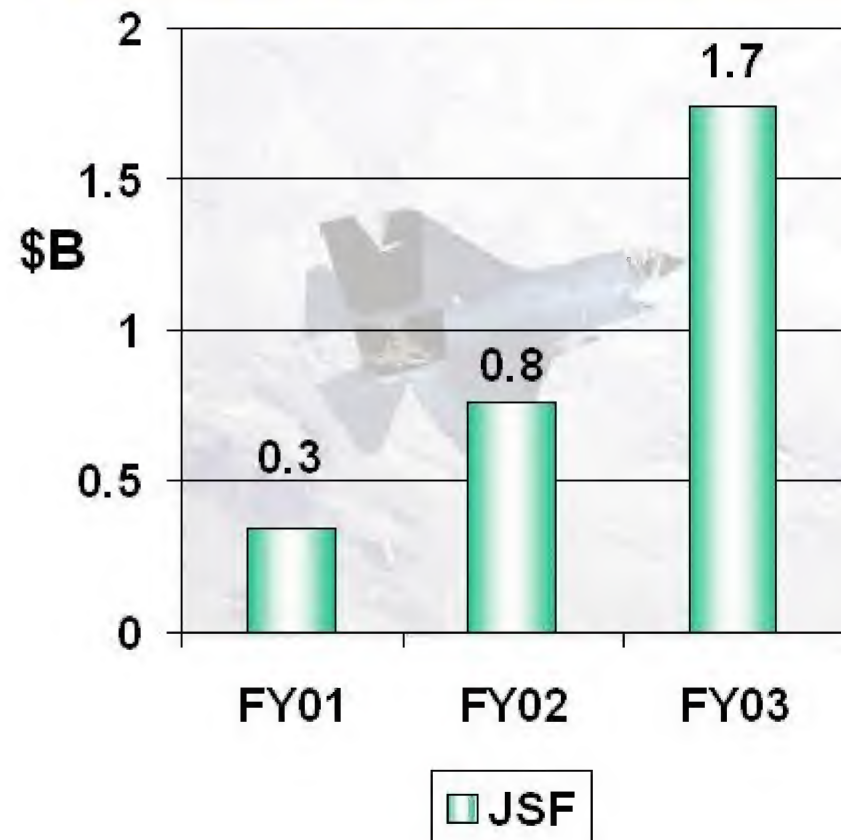






# Transformation -- JSF

## Development Stage



## Capabilities/Effects

### FY03 and Beyond

- **Stealthy, Able to Carry Large Payloads and Multi- Spectral Avionics**
- **Reduced Logistical Footprint**
- **Improves Coalition Operations and Interoperability**

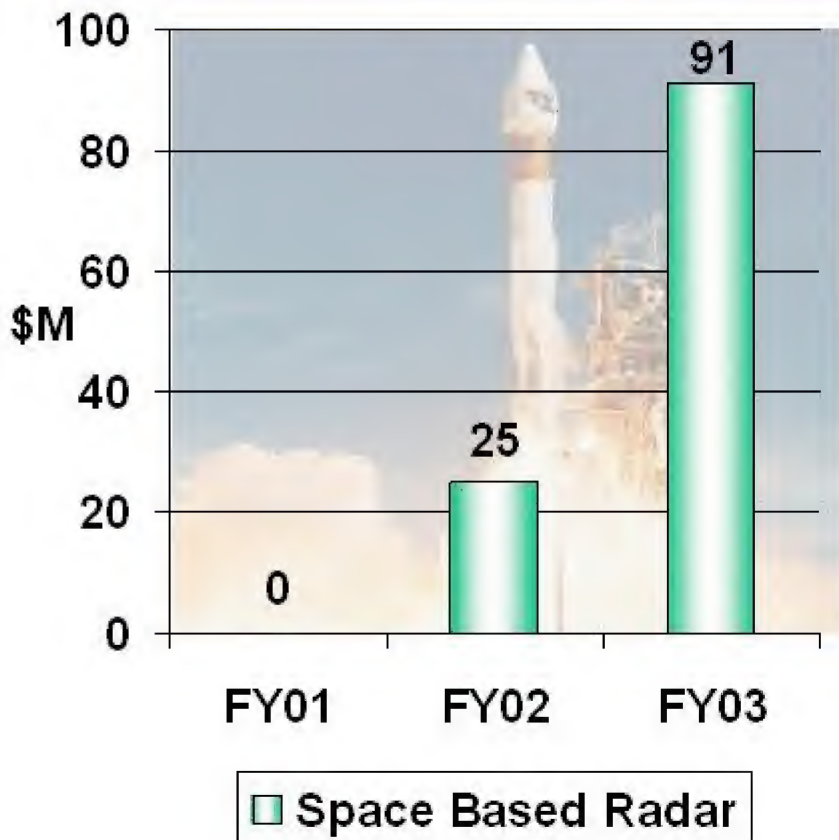
### Program Status:

- **On Track for IOC in FY11**



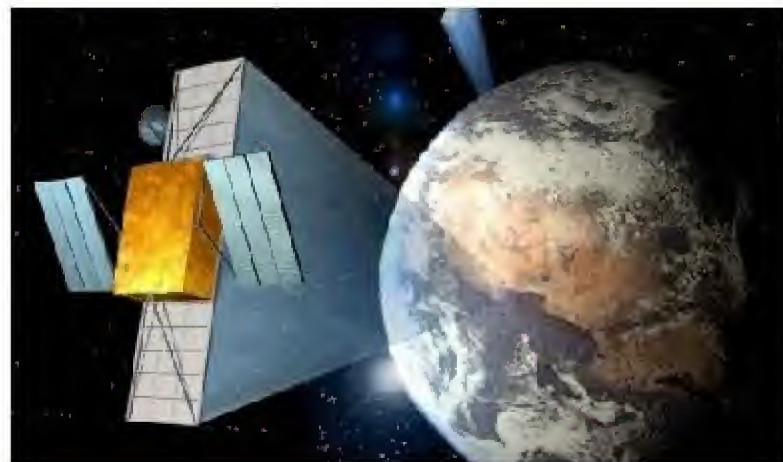
# Transformation -- Space-Based Radar

## In Development Phase



## Capabilities/Effects

- Day/night, Near Continuous Battle-space Surveillance
- Provides High Resolution 3-D Radar Mapping
- Enables Battlefield Commander to Detect, Characterize & Attack Critical Targets

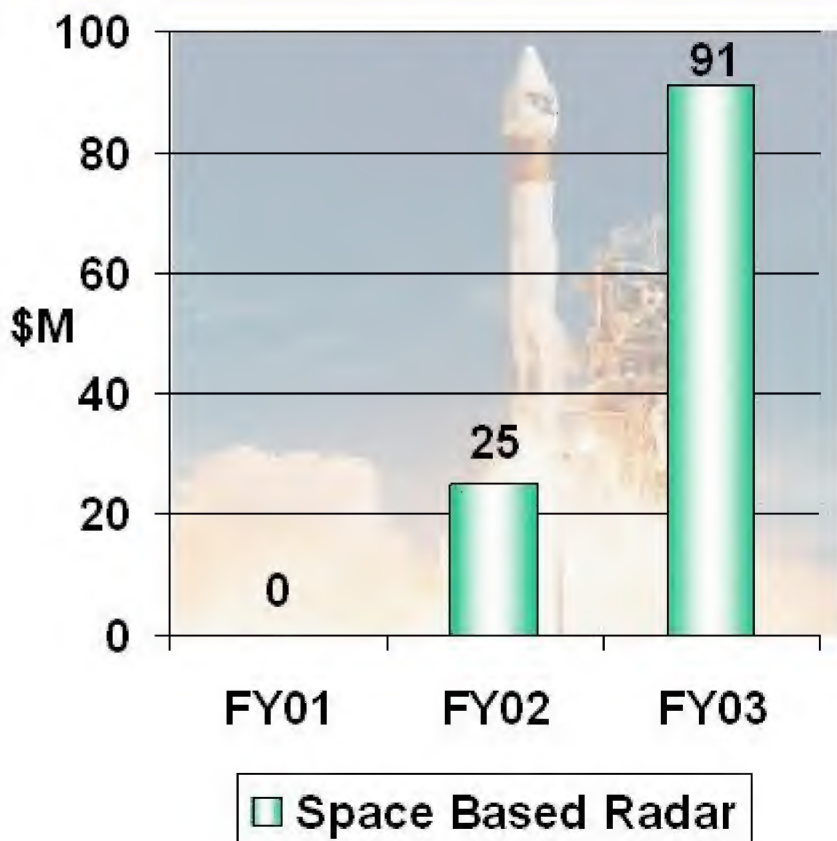






# Transformation -- Space-Based Radar

## In Development Phase



## Capabilities/Effects

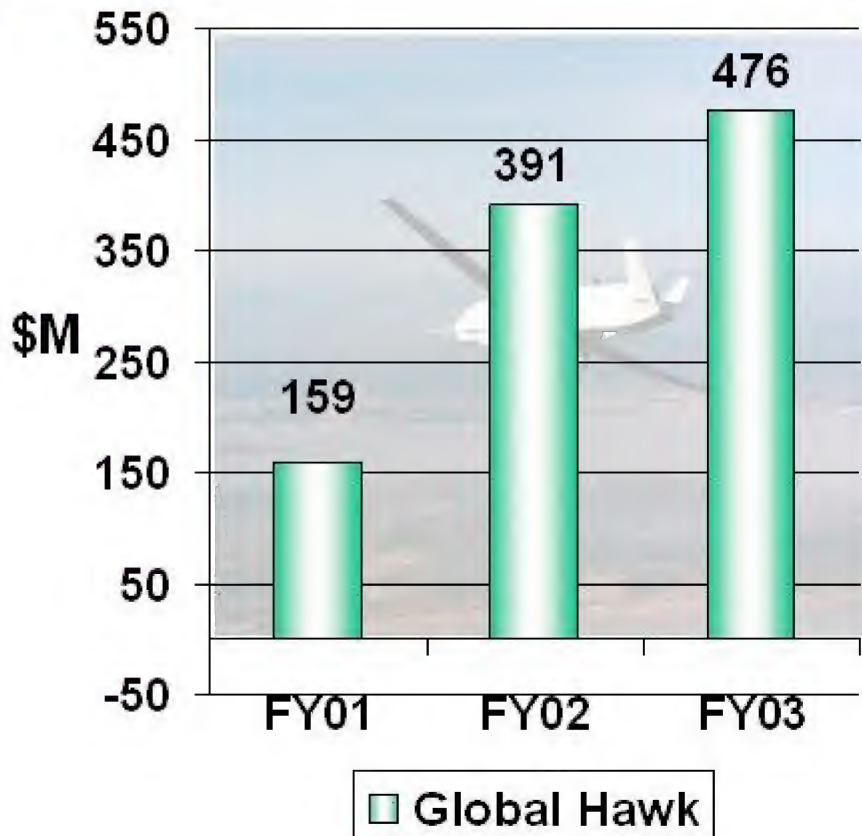
### FY03 and Beyond

- Program is in Early Development Phase
- Program Status
- First Launch FY10
- FY13 Initial Operating Capability



# Transformation -- Global Hawk

Quantity	0	3	3
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## Capabilities/Effects

- Unmanned High Altitude, Persistent Surveillance
- High Resolution, Near Real-time Imagery of Large Geographic Areas

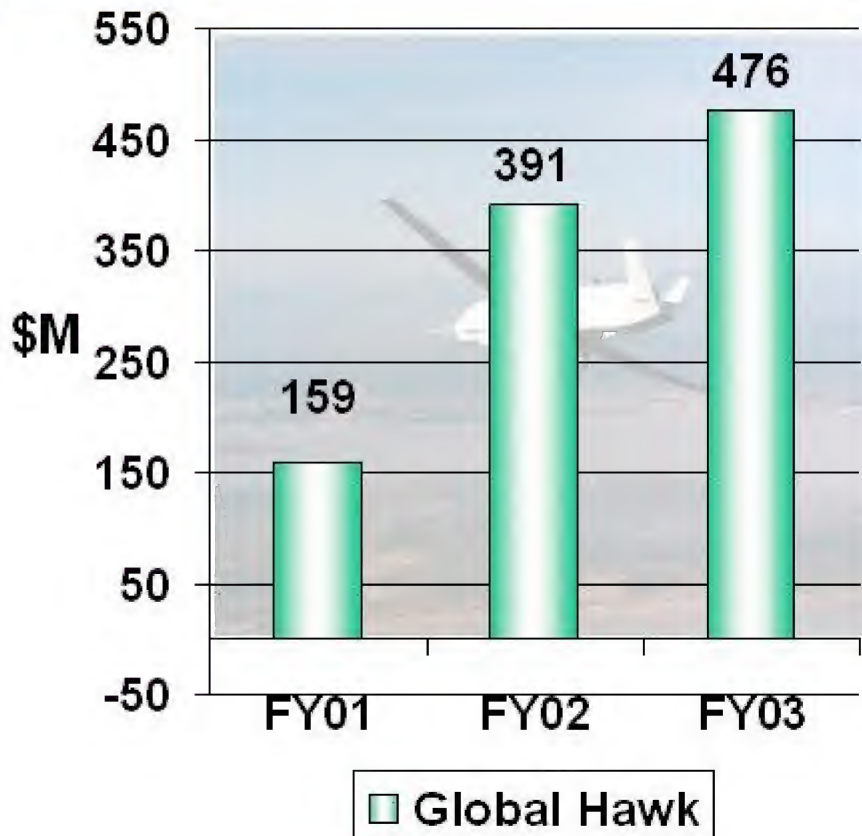






# Transformation -- Global Hawk

Quantity	0	3	3
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## Capabilities/Effects

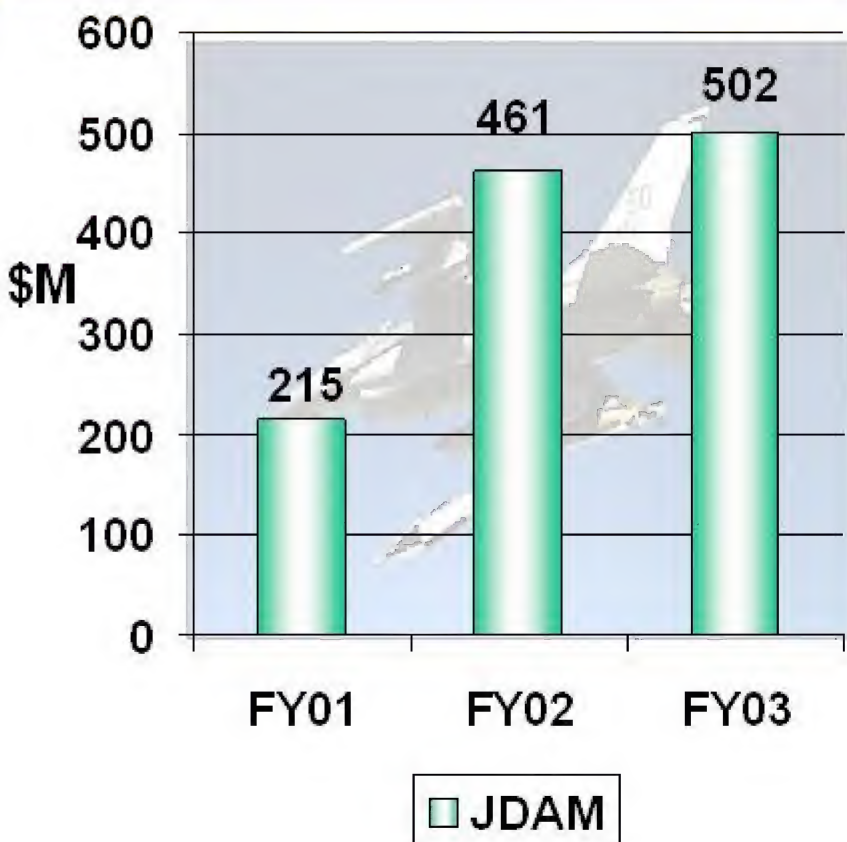
### FY03 and Beyond

- **Unmanned Surveillance Flights Decrease Risk to Pilots, Increase Time Over Area**
- **Highly Accurate Data Transmitted Near Real-time for Time Sensitive, High Priority Targets**
- **Program Status:**
- **Program Is Still in R&D, but Being Used Operationally**



# Transformation -- Joint Direct Attack Munitions (JDAM)

**Quantity 8.9K 14.3K 22.7K**



## Capabilities/Effects

- Heavily Used in Afghanistan
- Precise All-Weather Weapon Delivery Capability Uses Global Positioning System to Gain Accuracy

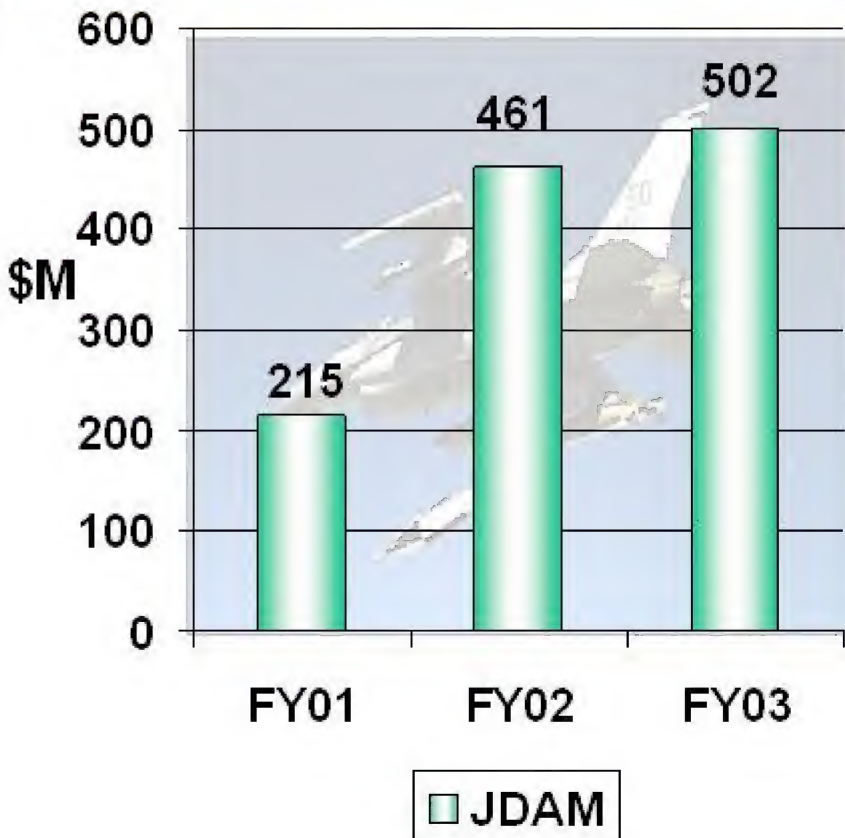






# ***Transformation -- Joint Direct Attack Munitions (JDAM)***

**Quantity 8.9K 14.3K 22.7K**



## **Capabilities/Effects**

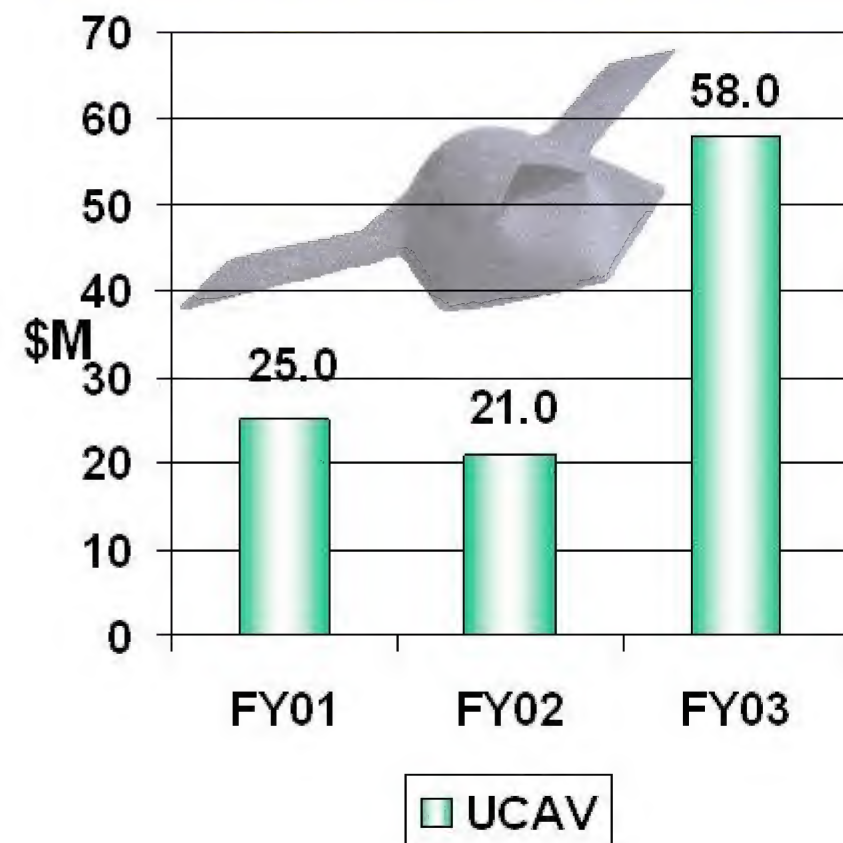
### **FY03 and Beyond**

- **Increasing Production Rates in FY03 to Reconstitute Inventory**
- **Integration Effort Will Enable All Fighters and Bombers to Employ the JDAM**



# ***Transformation -- Unmanned Combat Air Vehicle (UCAV)***

## **In Development Phase**



## **Capabilities/Effects**

- **Revolutionary Suppression of Enemy Air Defense and Strike Capabilities**
- **Augments Manned Systems for High Risk High Priority Targets**
- **Persistent Battlefield Domination**

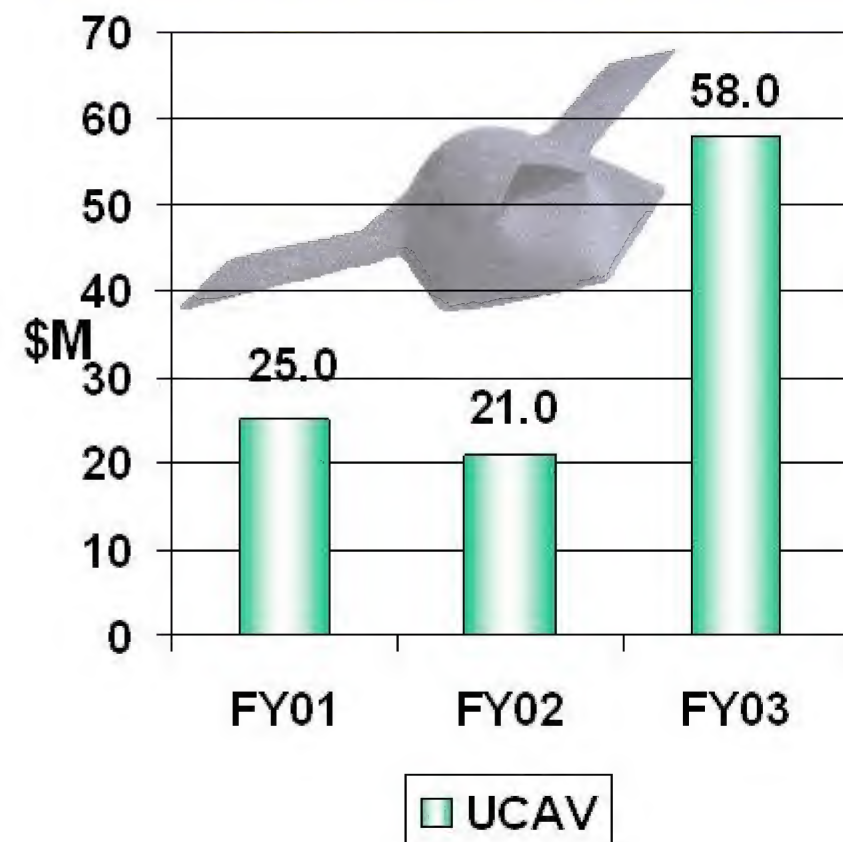






# ***Transformation -- Unmanned Combat Air Vehicle (UCAV)***

## **In Development Phase**



## **Capabilities/Effects**

### **FY03 and Beyond**

- **Helps Sustain Asymmetric Advantage Into the Future**
- **Program Status:**
- **Systems Demonstration With Defense Advanced Research Projects Agency (DARPA)**
- **Early Operational Capability in FY08**



# ***FY03 Air Force Budget***

**People \$30B  
+ \$2.3B**



**Readiness \$24.6B  
+ \$0.9B**



**Physical Plant \$4.3B  
- \$0.2B**



**Modernization \$28.3B  
+ \$4.5B**







# Summary

- The FY03 Budget Continues Investment in Our People and Maintains Prior Year Gains in Readiness, While Accelerating Air and Space Transformation
- Transformation Will Combine Stealth and Advanced Weapons With a Horizontally Integrated Surveillance and Reconnaissance Capabilities From Air and Space
- These Capabilities Will Enable Our War Fighters to Have the Right Information, at the Right Place and at the Right Time

**Allows us to Strike Any Adversary, Any Place, Any Time,  
Any Weather, Day or Night**



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